

Message Text

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E.O. 11652: N/A

TAGS: ECE, EMIN

SUBJECT: ECE STEEL COMMITTEE - STEEL MARKET IN 1976

FOR MR. SPRINGER

1. PLEASE TRANSMIT ASAP FOLLOWING NARRATIVE ON US CURRENT
TRENDS AND OUTLOOK FOR 1977 TO MR. ROMER: ECE STEEL
COMMITTEE SECRETARIAT. STATISTICAL ANNEX SENT REGISTERED
MAIL, 2/28.

THE U.S. STEEL MARKET IMPROVED IN 1976 COMPARED TO THE
DRAMATIC DECLINE EXPERIENCED IN 1975. OUTPUT IMPROVED
SHARPLY IN THE EARLY MONTHS OF THE YEAR, LEVELED OFF IN
THE SUMMER, AND SHOWED SOME WEAKNESS BY YEAR'S END.
NEARLY 81.1 MILLION METRIC TONS WERE SHIPPED IN 1976, 12
PERCENT ABOVE THE
.6MILLION TONS SHIPPED IN 1975. FLAT-
ROLLED PRODUCTS LED THE GAINS, WHILE HEAVY PRODUCTS FOR
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CONSTRUCTION LAGGED.

IN 1977 CONTINUED WEAK DEMAND FOR HEAVY PRODUCTS FOR
CONSTRUCTION HAS CONTINUED, PARTLY DUE TO UNUSUALLY SEVERE
WEATHER CONDITIONS. FLAT-ROLLED PRODUCTS CONTINUE STRONG
AS THE AUTOMOBILE MARKET DEMAND REMAINS HIGH. IN THE

SECOND QUARTER OF 1977, THE CAPITAL GOODS SECTORS ARE EXPECTED TO SHOW STRENGTH, GAINING EACH QUARTER THEREAFTER. SHIPMENTS FOR 1977 ARE EXPECTED TO EXCEED 91 MILLION METRIC TONS AND COULD GO HIGHER. FLAT-ROLLED WILL REMAIN AT RECORD LEVELS, JOINED IN THE SUMMER BY HEAVY PRODUCTS, AS PROCESS INDUSTRIES, POWER PLANTS, AND COAL, OIL AND GAS INDUSTRIES RESUME CONSTRUCTION ACTIVITY.

IMPORTS ROSE SHARPLY IN 1976, ESPECIALLY FROM JAPAN AND ARE LIKELY TO CONTINUE AT HIGH LEVELS IN 1977. TOTAL IMPORTS IN 1976 ROSE TO 12.9 MILLION METRIC TONS AN INCREASE OF 18.9 PERCENT OVER 1975. AT THE SAME TIME EXPORTS FROM THE US DECLINED BY 10 PERCENT, DOWN FROM 2.67 MILLION METRIC TONS IN 1975 TO 2.4 MILLION METRIC TONS IN 1976.

INVESTMENT IN PLANT AND EQUIPMENT IN 1977 IS PROJECTED TO EXCEED 1976 LEVELS BY 11 PERCENT (5 PERCENT IN REAL TERMS). WHILE EXPANSION OF STEEL MAKING CAPACITY CONTINUED, IT WAS AT A SLOWER PACE THAN ORIGINALLY ANNOUNCED. BY THE EARLY 1980'S ABOUT 20 MILLION METRIC TONS OF NET NEW STEEL CAPACITY SHOULD BE ON STREAM, AND US "CAPABILITY" IS PROJECTED AT ABOUT 190 MILLION METRIC TONS BY 1981.
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Disposition Approved on Date:
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Disposition Event:
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